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Progress Prevalent in Pennsylvania Economy

November marked the first full year of recovery from the 1981-82 recession as laid down by the National Bureau of Economic Research, an organization that sets the official beginning and ending dates of business cycles. But while the nation as a whole has reached and exceeded pre-recession highs in many economic indicators, Pennsylvania still has a considerable way to go before meeting these goals.

Nevertheless, November's increases in manufacturing employment, industrial electric power sales, and steel production show substantial progress toward recovery in the state that month.

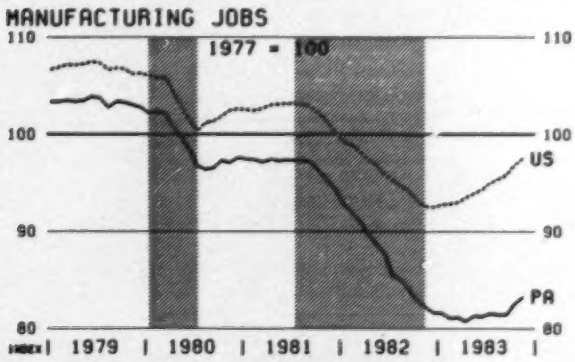
The seasonally adjusted factory job level rose 0.9 percent in November, following a 1.3 percent increase in October. It stood at its highest level since September 1982 but was still 14.5 percent below its level of July 1981, the first month of the recession.

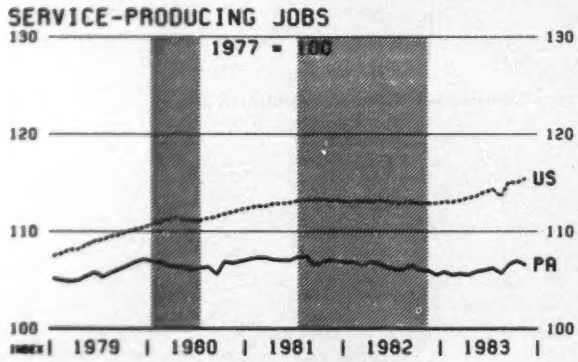
The larger work force brought the level of factory payrolls up a seasonally adjusted 1.5 percent to its highest level since February 1982. After further adjustment for inflation, the rise was still a substantial 0.9 percent. In addition, the seasonally adjusted number of person-hours worked by production workers in the state's factories rose a whole percentage point and was at its highest level in a year and a half.

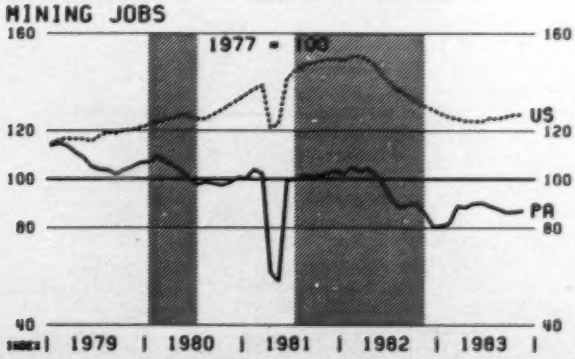
Seasonally adjusted sales of electricity to industrial users rose for the tenth time in 11 months, registering its highest level in 21 months. November's 3.4 percent increase matched the increase in May and exceeded all other increases in the current recovery period.

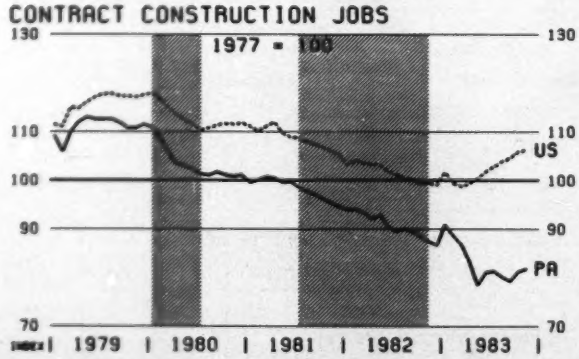
Much of the increase in the sales of electricity was due to the rise in steel production. The seasonally adjusted average daily production of steel in the state rose above 40,000 net tons for the first time since February 1982. Steel production rose sharply in the state in the first four months of the year but bounced up and down, gaining no new ground, from May to October. Whether November's 7.7 percent increase in this measure marks a break from the slump or whether production will bounce down again in the coming months will depend on the impact of the newly announced cutbacks by the U.S. Steel Corporation and the strength of the recovery in large structural steel products produced in many of the state's mills.

Steel production in the nation as a whole has risen more steadily since the end of last year although a significant slowing in the rate of increase has been evident since May. Pennsylvania's share of total national









PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **January 1984**

production rose to 16.8 percent in November from 15.2 percent in October, which is far above the August 1982 low of 12.1 percent but considerably less than the better than 20 percent share the state held throughout the 1970s. The seasonally adjusted level of production in the nation remained 27 percent below the July 1981 production level while the level in the state was 41 percent below its production level in the first month of the recession.

The nation as a whole has also fared better during the recession and the first year of recovery in terms of employment levels. The nation lost a smaller percentage of nonagricultural payroll jobs during the recession, started regaining jobs earlier, and has recovered a larger percentage of jobs to date than Pennsylvania. By the end of the first year of the recovery period, the seasonally adjusted number of wage and salary jobs in all nonfarm industries in the nation had climbed back up to the level registered in July 1981. In contrast, Pennsylvania's total nonfarm industry job level remained 5.3 percent below the seasonally adjusted level in the first month of the recession.

The nation's greater relative strength in employment compared to the state is evident in virtually all major industry groups. Nationally, the manufacturing job level has increased steadily since December 1982 while significant job gains in the state's factories occurred only in the last two months for which we have data. The service-producing sector of the national economy was essentially flat during the recession and has been rising to new heights since early this year. On the other hand, Pennsylvania lost approximately 56,000 jobs in service-producing industries during the recession and by November had regained only 55 percent of them. The recession also cut deeper into employment levels in the state's construction industries than in these industries nationwide. However, mining industries remained in a slump in both the nation and the state; very few jobs in

Economic Activity in Pennsylvania	Seasonally Adjusted Indexes (1977 = 100) 1983 Oct.	1983 Nov.	1982 Nov.	1983 Oct.	1983 Nov.	1982 Nov.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,534.*	4,540.	4,519.	98.6*	98.6	98.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,418.*	3,418.	3,410.	105.3*	104.9	104.7
Manufacturing						
No. of wage and salaried jobs (thous.)	1,113.*	1,118.	1,105.	82.5*	83.2	82.3
Ave. wkly. hrs. worked by prod. workers	39.8*	40.2	38.5	100.5*	100.5	96.1
Total wkly. person-hours worked (mils.)	30.4*	31.0	28.7	78.8*	79.6	73.7
Total wkly. payroll (mil. dols.)	274.9*	283.5	249.6	122.1*	123.9	109.8
Steel production (thous. tons)	1,167.	1,224.	661.	55.	60.	32.
Industrial electric power sales (mil. kwh)	3,511.	3,515.	3,112.	94.	97.	86.
Mining						
Anthracite coal (thous. net tons)	423.	410.	347.	79.	74.	62.
Bituminous coal (thous. net tons)	5,995.	5,511.	5,337.	77.	73.	70.
Construction contracts awarded (mil. dols.)						
Total	397.5	411.7	351.2*	122.	127.	108.*
Residential building	196.9	194.3	128.5*	123.	142.	93.*
Other building	152.2	155.6	181.6*	154.	114.	146.*
Nonbuilding (utilities and public works)	48.4	61.8	41.1*	71.	115.	82.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,038.	5,051.	4,907.	103.5	103.7	100.8
Unemployed						
No. of persons (thous.)	530.	550.	644.	137.1	143.2	166.4
Rate (percentage of labor force)	9.5	9.8	11.6			
Rate, seasonally adjusted	9.9	10.3	12.0			
Civilian labor force, no. of persons (thous.)	5,568.	5,601.	5,551.	106.1	106.8	105.8
Initial claims for unemployment benefits	123,845.	137,199.	204,590.	98.9	98.5	143.7

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983 Oct.	1983 Nov.	1982 Nov.	Percentage Change Month Ago	Year Ago
U.S. city average	302.6	303.1	293.6	+0.2	+3.2
Philadelphia	291.2	291.7	282.9	+0.2	+3.1
Pittsburgh	313.7	n.a.	300.7†	n.a.	+4.3
Northeast PA	n.a.	288.5	279.4	n.a.	+3.3

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for Oct. 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

these industries have been regained in the recovery to date.

Nevertheless, from the monthly survey of households conducted by the Census Bureau, we see that the great disparity in the rates of employment and unemployment between the state and the nation that developed during the recession has been narrowing since the end of the first quarter of 1983. The Pennsylvania economy would have to pick up considerably more momentum to close the gap altogether. This will not happen in the near future. But given the state's many assets, the long-term outlook is very promising.

In the more immediate time period, a continuing, though slower, recovery is expected. One measure that suggests this is the Pennsylvania index of leading indicators. This index rose a small 0.1 percent in November and fell 0.2 percent in October, compared to increases of 1 to 3 percent in the early months of recovery.

November's increase in new claims for unemployment compensation, which contributed a negative influence on the index, countered the positive influence of the rise in the value of awards for residential building construction contracts. The third component of the index, the average length of the factory workweek, was unchanged after seasonal adjustment.

The index of coincidental indicators, which rises and falls with current economic activity, rose in November for the eighth time in nine months. The 0.8 percent rise was still fairly strong but was weaker than increases in the earlier months of the recovery. All three components of the index — total resident employment, the number of manufacturing wage and salary workers, and real weekly earnings — contributed to the rise.

— Norma I. Gavin

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Employment Conditions Improve in Third Quarter

Adult White Males Show Largest Gains

Substantial gains were made in employment levels in the third quarter of last year as jobless rates fell. The improvement was evident for most major population groups, with adult white males experiencing the greatest increases.

Total employment in Pennsylvania rose a seasonally adjusted 3.1 percent in the third quarter, after rising an adjusted 2.1 percent in the second quarter from first quarter's recession low. At the same time, the seasonally adjusted unemployment rate fell back down to 11 percent, where it stood a year earlier, after reaching a high of 13.4 percent in the first quarter.

The disparity between the jobless rates for males and females narrowed. Nevertheless, male rates remained above female rates in the state, continuing the reversal in the historical tendency for males to experience less joblessness than females. The third quarter marked the eighth consecutive quarter of the reversal, which came about because more men than women are employed in jobs and industries — such as durable goods manufactures — that are the most sensitive to business cycles. These industries were especially hard hit during the most recent recession.

But while males had the greatest decreases in employment and the greatest increases in joblessness during the recession, they have also shown the greatest gains in employment and the greatest declines in unemployment during the recovery. The number of males employed in the state in the third quarter rose 7.2 percent from a quarter earlier while the number of females employed rose only 2.8 percent. In addition, the unemployment rate for men fell 3.3 percentage points from second quarter's rate while the rate for women fell only 0.4 of a percentage point. This left the male third-quarter rate below the year-earlier level while the female rate remained above its year-earlier level.

Nationally, most jobless rates were below year-earlier figures and employment levels exceeded not only levels of a year ago, but also pre-recession highs of third quarter 1981. (No employment levels in the state exceeded pre-recession highs, but the level for whites just matched the third quarter 1981 level.) Furthermore, the national jobless rate for males fell below the rate for females, giving further evidence of a return to more normal conditions in the U.S. as a whole.

Dark clouds in the employment picture continued to

Employment Data by Sex, Race, and Age — Pennsylvania and the United States

	Number Employed	Percent Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	1983 III (in thousands)	Over Quarter	Over Year	1983 III	1983 II	1982 III	1983 III	1983 II	1982 III
Pennsylvania									
Total, seasonally adjusted	4,927	3.1	3.6	11.0	12.8	11.0	60.4	59.9	60.1
Total, unadjusted	5,017	5.3	1.0	10.5	12.7	10.6	61.2	59.6	60.7
Male	2,918	7.2	4.7	11.1	14.4	11.8	75.2	73.9	73.4
Female	2,099	2.8	−3.6	9.8	10.2	9.2	48.5	46.9	49.5
White	4,708	6.0	1.8	9.8	11.7	9.8	61.6	59.8	61.4
Black	283	−2.4	−11.8	21.2	25.4	20.5	54.9	56.7	53.0
16–19 years old	344	−6.5	−8.8	25.0	24.0	22.9	59.4	51.7	58.4
United States									
Total, seasonally adjusted	101,598	1.7	2.0	9.4	10.1	10.0	64.3	63.9	64.1
Total, unadjusted	102,936	2.9	2.1	9.1	10.0	9.7	64.9	63.9	64.7
Male	58,401	3.3	1.9	9.0	10.4	9.5	77.6	76.6	77.6
Female	44,534	2.4	2.3	9.3	9.5	9.9	53.5	52.5	53.2
White	90,983	2.7	1.9	7.8	8.7	8.5	65.1	64.2	65.0
Black	9,634	4.2	2.9	19.6	20.6	19.4	63.2	61.7	62.3
16–19 years old	7,324	15.4	−1.0	20.8	23.9	22.1	60.9	54.4	60.4

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

hang over blacks and teenagers. In Pennsylvania, the employment level for blacks was 11.8 percent lower in the third quarter than in the same quarter a year earlier while the level for teenagers was 8.8 percent below the year-earlier figure. Jobless rates for both groups in the state exceeded 20 percent.

Nationally, 2.9 percent more blacks were employed in the third quarter of 1983 than in the same quarter of 1982, but 1 percent fewer teenagers were employed. The fewer teenagers with jobs was due to a smaller teenage population; labor force participation among this age group was essentially unchanged from a year earlier. Jobless rates for both groups nationally were approximately 20 percent.

—Norma I. Gavin

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